



## FISHERIES POLICY AND GOVERNANCE REFORM IN AFRICA

### Key messages

The CAMFA paper on “The Wealth Generation Opportunities of African Fish Resources” stresses that, to be successful, fisheries policy needs to take resource wealth into consideration in order to secure current benefits and to enhance fisheries contribution to economic growth and social welfare.

An agreed vision for fisheries should be established. Such a vision might, for example, state that an appropriate fisheries strategy would be *to optimise the value of fisheries to society over time*. The visioning exercise will help set the scene for the subsequent construction and delivery of policy and success indicators.

A good governance framework is required for the delivery of the strategy, given that many fisheries are potentially extremely valuable assets. This framework should be based on the development of policies, institutions and processes to facilitate the planning, design and implementation of appropriate fisheries development and management arrangements. The fundamental principles of good governance - accountability, transparency and participation – should underpin policy development.

A stakeholder-based fishery management planning process (or “roadmap”) provides an effective mechanism to put these key principles of good governance in practice. Evidence from international best practice suggests that the key issues are:

- defining fisheries management units (FMUs) in an appropriate way,
- participatory diagnosis of the current economic and ecological performance in each FMU,
- participatory analysis of the wealth potential using bioeconomic modeling to enhance transparency and legitimacy,
- designing and implementing secure use right systems to create the incentives for effective and efficient private sector operations and investment,
- designing and implementing fiscal arrangements to ensure wealth created is shared equitably
- identifying a transition process for gradual change.

Regional integration. Single States may well reform their fisheries policies and governance, yet remain vulnerable to the activities of their neighbours. Efforts will be needed to ensure regional collaboration, potentially through RECs and other regional bodies to address the needs of shared, straddling and highly migratory stocks and high seas fish resources.

All change for Africa! Policy and governance reform offers the opportunity for significant change in the way Africa's fish resources are exploited. The headline benefit will be the generation of resource wealth and the use of this wealth to the benefit of Africans. But such reform will also contribute to delivering other desirable outcomes including the reduction and gradual elimination of wasteful and destructive overcapacity, a progressive recovery of fish stocks, and an improvement in the quality of fish on the market.

## 1. The issues

Fisheries resources currently provide significant benefits to Africa, including livelihoods to about 10 million people, nutrition and food security for over 30% of the population, and \$4.3bn per year of revenues from international trade. These benefits are now severely threatened by ineffective fisheries governance, resulting in fisheries being over-exploited economically and often well beyond biologically sustainable limits. Reform is needed urgently to reverse the current trend of decline and waste that characterises African fisheries, and to enable these to contribute sustainably to economic growth, food security, nutrition, and healthy ecosystems. Achieving effective reform requires tackling the political, institutional and economic constraints to more effective fisheries governance and trade.

The CAMFA paper on "The Wealth Generation Opportunities of African Fish Resources" sets out the key issue that fish resource wealth must be placed at the heart of fisheries policy in order to secure current benefits and to enhance fisheries contribution to economic growth and social welfare.

In fact, many of the traditional objectives of fisheries policy are fundamentally wealth-based in nature. Such objectives include sustainable and healthy fish stocks, fishing fleets operating efficiently (i.e. at lowest possible cost, taking into account also newer issues such as reducing their carbon footprint) and the production of high-quality, nutritious seafood with value enhancement.

The difficulty has been that the pursuit of such objectives has resulted in outcomes that include overfishing and depleted fish stocks, overcapacity and relatively little in the way of value enhancement of landings.

For decades, global fisheries policy has attempted to reverse such undesirable outcomes by adopting a suite of measures aimed directly at each outcome. This approach has failed worldwide and the state of the world's fish resources has steadily worsened, notwithstanding major political change such as the widespread move to extended fisheries jurisdiction.

Hence, the challenge in fisheries policy is not to do the same things better but to do things differently.

Building on best international practice available from successful fisheries, this paper sets out a generic approach for fisheries policy based upon fish resource wealth. Because of the potentially large amounts of wealth at stake, it is important that reformed fisheries policy should be based on good governance principles from the outset. A fishery management planning process is presented that offers a way to put these principles into practice.

Practical application requires the tailoring of this generic model to the particular circumstances of different countries and fisheries. There is no unique solution.

## 2. The way forward

### An agreed vision for fisheries

Both economic theory and the empirical evidence from successful fisheries around the world show that a wealth focus is essential as the foundation for fisheries strategy.

The key issue is to establish an agreed strategic vision that clarifies economic goals and ecological and other constraints. In its broadest terms, the vision might state that an appropriate fisheries strategy would be *to optimise the value of fisheries to society over time*.

An even more explicit policy goal that clarifies the goal and the constraints would be something such as:

*The objective is to maximise the sustainable wealth generated by the exploitation of fish resources, subject to ecological constraints and the social imperatives determined by the Government.*

Such a visioning exercise is important because it will help set the scene for the subsequent construction and delivery of policy and success indicators.

If this new vision is adopted, the success indicators for fisheries policy will change. The most important dimension of wealth relates to the fish resource and will be measured by resource rents. A key indicator therefore will be the proportion of potential rents generated in each fishery.

It is important to stress that success requires the design of institutional arrangements that will deliver rent (and other key policy objective such as increased fish stock size) as an outcome. The issue is not to replace a goal such as maximum sustainable yield (MSY) with maximum rents as the objective of a command and control fisheries policy.

### A good governance framework

Initial estimates of potential resource wealth are at least US\$ 2 billion per annum. Clearly, much is at stake. Given the potential importance of such wealth both in itself and as the seed corn for further economic growth in Africa, it will become even more important that Government ensures that fisheries policy is developed and delivered using good governance principles.

The strategic framework should be based on the development of policies, institutions and processes to facilitate the planning, design and implementation of appropriate fisheries development and management arrangements.

This development should be based on the fundamental principles of good governance<sup>1</sup> including:

- **Transparency and open information systems** – this is perhaps the most important element of good governance. The private sector relies on transparency to make good business decisions. And transparency is essential if accountability is to be effective in ensuring effective public performance and compliance with the law.
- **Accountability** – Government and the public sector in general is in a powerful position through the ability to make laws and the control of resources. Accountability is seen as a key to counterbalancing this power. This requires clarity about responsibilities for performance, backed up where possible by independent, external auditing.
- **Participation** – to ensure that the real needs and issues of stakeholders are taken into account.
- **Reliability, predictability and the rule of law** – meaning in particular that Government decisions must be founded in law, protecting stakeholders from arbitrary or distortionary decisions, based for instance on corruption or patronage. The public guarantee of private property and personal rights is essential. Political stability or continuity is also important since investors need some commitment that decisions will not be reversed simply due to political uncertainty.
- **Organisational capacity** – building public institutions that have the capacity to deliver key government services to business and the public, including the technical and managerial competence of civil servants (and also assisting where necessary capacity development in private sector to ensure that this sector is able to take up the opportunities offered by fisheries reform).

#### Fishery management planning process

A stakeholder-based fishery management planning process (or “roadmap”) provides an effective mechanism to put these key principles of good governance in practice.

Evidence from international best practice highlights a series of key issues to address within this process and these are discussed in the remainder of this section.

#### *Defining fisheries management units (FMUs)*

In order to develop policy, it will be necessary to identify a set of FMUs. Ideally, each of these units should be based around a fish resource or set of fish resources. The unit should include all the users, and the potential users, of the resource in a defined geographical area (which for some fish resources could be the entire exclusive economic zone). Where a resource-based approach is not feasible, territorial approaches may be used instead. But if the resource crosses territorial boundaries, then negotiations will be required concerning usage between territories.

In defining FMUs, or reviewing definitions, it is very useful to bring scientists, fishers and managers together to exchange views. This kind of participation will improve and increase the

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<sup>1</sup> The principles listed are coherent with the set of principles for good governance enunciated by the United Nations Development Programme (UNDP ‘Governance and Sustainable Human Development, 1997) and which appear to be universally recognised according to the Institute on Governance, Ottawa, Canada (Policy Brief 15).

legitimacy of the definitions, clarifying precisely what is being managed and to what use rights are being assigned (if they are used – see below).

The definitions will also clarify the level at which the strategy should be implemented. For some fisheries, the most appropriate level will be local – e.g. shellfish. For others, the fisheries may be purely national. For others, the appropriate scale may be regional, in which case the Regional Fisheries Bodies may be required to play a key role. For still others, the scale will be international.

### *Participatory diagnosis*

A useful starting point for a fisheries management process is to undertake a participatory diagnosis of the current economic and ecological performance of the relevant FMU. The diagnosis can be organized around the key themes affecting the FMU, such as:

- Bio-ecology
- Exploitation system
- Trade and markets
- Management system

The analysis of each theme is best undertaken by the appropriate participants including fishers, researchers and managers.

These elements can then be discussed and synthesized into an agreed diagnosis of the current state of the fishery.

### *Participatory analysis of options*

Generally, given the widespread overexploitation of fish resources, the diagnosis will be that current performance is unsatisfactory. In this case, participants need to identify the options for improvement and quantify their likely effects.

The main difference suggested here compared with typical practice is for a bioeconomic analysis to be undertaken in order to investigate the wealth potential under different governance arrangements. Such information is of great interest both to managers and to fishers but is hardly ever available.

In terms of expense and complexity, the bioeconomic analysis should be appropriate to the resource under consideration. Ideally, models can be developed in collaboration with the fishers, ensuring these become excellent aids to good governance since they enable options to be considered in a way that will enhance both transparency and legitimacy.

### *Use rights*

The design and implementation of a secure use right system, appropriate to the FMU, is necessary to create the incentives for effective and efficient private sector operations and investment.

The precise nature of the rights that it is most appropriate to establish will depend on a variety of factors such as, for instance, the nature of the fish resource, and the nature of the exploitation system (e.g. the number of fishers). In the case of sedentary resources, it is probably easier to grant spatial rights (territorial use rights in fisheries – TURFs). For finfish stocks, rights are best expressed in terms of the catch. One widely-discussed, and increasingly adopted, option is individual transferable quotas (ITQs). An alternative to ITQs may be to allocate catch rights to a group of fishers as a concession.

In the design phase there are many features to consider, including the nature of the legal title to ensure security, the duration of rights (perpetual or time-bound), transferability (can rights be sold and/or leased and under what conditions), and avoiding the monopolisation of rights.

Within a secure use right system, it will also be possible to devolve responsibilities to the fishing industry. For instance, the industry might be responsible for developing fishery management plans, which might include TAC proposals. Such plans would be presented to the Government for approval.

This approach clarifies that the principal scientific role is to check the ecological consequences of the proposals against published ecological criteria (limit or reference points). The question to scientists should not be “How much can be caught?” but “Is it ecologically acceptable to catch X”?

Another question is how the use rights will deal with multi-species fisheries. There is now increasing global experience available to guide answers to this question. For instance, the British Columbia demersal fishery where several stocks are harvested more or less simultaneously by different fleets is now successfully managed with an ITQ system that includes all the relevant stocks. The system has improved both economic performance and the sustainability of the fish stocks.

### *Fiscal arrangements*

International experience suggests that wealth generation will only be sustainable if its distribution is considered to be equitable. Therefore, effective use right systems that generate the resource wealth must be accompanied by fiscal arrangements that share it equitably.

One option is for the Government to let the industry get on with fishing and become wealthy and accept that the wealth is concentrated with fishers on the argument that this will nonetheless boost the economy for the benefit of all.

Where relatively small amounts are involved then leaving the wealth with the fishers is unlikely to be controversial. On the other hand, where a significant national asset is involved, then substantial political debate can be expected, as is the case in Iceland for example.

An alternative option is for Government to argue that the fish resources belong to all citizens and that the Government as steward of the resources on behalf of the citizens should collect some of the resources rents (for example, through royalty payments).

It would be difficult, if not impossible, for a Government to collect 100% of rents. First, resource rents vary over time as the determining factors change so there is no question of simply calculating the “optimal” rent and charging a royalty. Second, a key aim of policy will

be to grow resource rents in the future and it is important to give resource exploiters a share in future rents to give them the incentive to do this.

The best solution is likely therefore to occupy a middle ground where the resource rents generated would be shared between the resource owners and those to whom they have granted a fishing right (or perhaps more accurately privilege).

### *Making the transition*

Worldwide experience suggests that the movement towards effective fisheries management systems does not happen by chance, but usually because of pressure for change within the system. It also suggests that change takes a long time. Indeed, it is arguable that no country has yet completed the reform process in its fisheries despite over 30 years of change in countries such as New Zealand and Iceland.

Change is not simple. There is always pressure to maintain the status quo.

There is a need therefore to proceed gradually, exploring the implications of change for different groups and individuals, so as to build consensus around the new approach. The need for a gradual approach will be particularly great as the first fisheries are moved towards a new management system. Experience elsewhere strongly suggests that once the results become available, demands for change will emerge from other fisheries (or FMUs).

In the short term, investment will be required in both the fish stock and the institutional arrangements for its management and exploitation. Depending on the nature of the fish stock, the payoff to this investment will take more or less time to come through.

At the same time, attention will have to be paid to the distribution of the potential gains and the losses, both for reasons of equity and for reasons of sustainability. Some work will be needed therefore to consider who gains and who loses and to devise appropriate social policies.

Typically, the transition to a new set of fisheries management arrangements includes 'safeguards'. For example, the Icelandic ITQ based system forbids the transfer of quota from small-scale fisheries (SSF) to large-scale fisheries (LSF) and includes regional quotas to protect specific communities. Similar safeguards have been put in place in Norway.

Transition is also required in Government itself as its role changes. Effective use rights will deliver many of the functions currently undertaken by Government leaving it free to concentrate on its essential functions of setting the policy and the legal framework, and enforcing the latter.

### Regional integration

Single States may well reform their fisheries policies and governance; yet remain vulnerable to the activities of their neighbours. Efforts will be needed to ensure regional collaboration, potentially through RECs and other regional bodies to address the needs of shared, straddling and highly migratory stocks and high seas fish resources.

### 3. Conclusions

Policy and governance reform offers the opportunity for significant change in the way Africa's fish resources are exploited.

Resource-wealth benefits can be achieved without the sacrifice of other benefits. Economically-efficient fisheries will still produce fish as food, arguably more sustainably, of better quality and of greater value. And such fisheries will still produce sustainable jobs, although fewer in the catching sector than under current arrangements, as well as incomes, profits and so on. It is difficult to generalise about the scale of change. The outcomes will depend on the nature of the fishing technology that proves to be the most profitable once conditions in the fishery change.

But reform will contribute to delivering desirable outcomes such as the reduction and gradual elimination of wasteful and destructive overcapacity, a progressive recovery of fish stocks, and an improvement in the quality of fish on the market.

And the headline benefit will be the generation of resource wealth and the use of this wealth to the benefit of Africans.